

TOWN OF BOYCE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MAY 31, 2011

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JAN 11 2012**

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RETIRED - 2005

November 10, 2011

INDEPENDENT AUDITORS' REPORT

The Honorable Jack DeWitt., Mayor
and Members of the Board of Aldermen
Town of Boyce, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Boyce, as of and for the year ended May 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Boyce's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

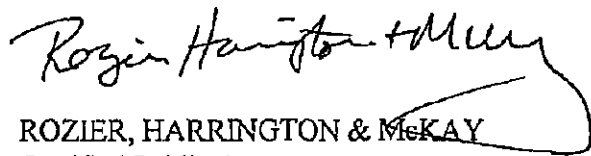
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Boyce, as of May 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

***The Honorable Jack DeWitt, Mayor
and Members of the Board of Aldermen
Town of Boyce***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 10, 2011, on our consideration of the Town of Boyce, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Boyce's basic financial statements. The general fund schedule of expenses – budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements.


ROZIER, HARRINGTON & McKAY
Certified Public Accountants

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November 10, 2011

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Jack DeWitt, Mayor
And the Board of Alderman
Town of Boyce, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boyce, Louisiana, as of and for the year ended May 31, 2011, which collectively comprise the basic financial statements and have issued our report thereon dated November 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Boyce's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town of Boyce's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Boyce's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

*The Honorable Jack DeWitt, Mayor
and Members of the Board of Aldermen
Town of Boyce*

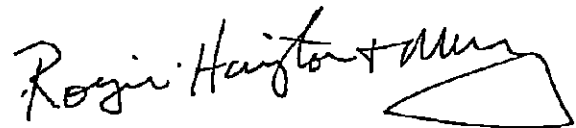
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiency (2011-2) described in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance

As part of obtaining reasonable assurance about whether the Town of Boyce's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2011-1.

The Town of Boyce's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Boyce's response and, accordingly, we express no opinion on it.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2011

This section of the Town of Boyce's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended May 31, 2011.

Overview of Financial Statements

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after June 1, 2004) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection, fire protection, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants, and contributions.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with the lights, gas, water and sewer systems and sanitation services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2011

needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's light, gas, water and sewer systems, and sanitation services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

Financial Analysis of the Town as a Whole

A comparative analysis of government-wide data is presented as follows:

Net Assets

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	For the Year Ended May 31, 2011			For the Year Ended May 31, 2010
	Govern- mental Activities	Business- Type Activities	Total	
<u>Assets:</u>				
Current and other assets	\$ 73,742	\$ 446,927	\$ 520,669	\$ 973,973
Capital assets	766,850	2,607,646	3,374,496	3,134,217
Total assets	<u>840,592</u>	<u>3,054,573</u>	<u>3,895,165</u>	<u>4,108,190</u>
<u>Liabilities:</u>				
Current and other liabilities	55,413	188,701	244,114	637,596
Long-term liabilities	11,016	435,855	446,871	477,693
Total liabilities	<u>66,429</u>	<u>624,556</u>	<u>690,985</u>	<u>1,115,289</u>
<u>Net Assets:</u>				
Invested in Capital Assets (Net)	766,850	2,267,093	3,033,943	2,767,250
Restricted	----	33,920	33,920	44,787
Unrestricted	7,313	129,004	136,317	180,864
Total Net Assets	<u>\$ 774,163</u>	<u>\$ 2,430,017</u>	<u>\$ 3,204,180</u>	<u>\$ 2,992,901</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net assets (94.6%) is invested in capital assets. Net assets invested in capital assets consist of land, construction in progress, buildings, and equipment less any debt used to acquire the assets that remain outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2011

An additional portion of the net assets (1.1%) represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various revenue sources.

The remaining unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Assets

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

	<u>For the Year Ended May 31, 2011</u>			<u>For the Year Ended May 31, 2010</u>
	<u>Govern-mental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 5,798	\$ 1,270,488	\$ 1,276,286	\$ 1,305,254
Operating Grants and Contributions	13,740	---	13,740	---
Capital Grants and Contributions	---	441,156	441,156	713,919
General Revenue:				
Property Taxes	13,288	---	13,288	14,122
Sales Taxes	269,498	---	269,498	260,990
Franchise Taxes	7,415	---	7,415	5,087
Occupational Licenses	47,849	---	47,849	50,190
Miscellaneous	32,695	1,052	33,747	48,786
Total Revenue	<u>390,283</u>	<u>1,712,696</u>	<u>2,102,979</u>	<u>2,398,348</u>
<u>Program Expenses:</u>				
General Government	195,320	---	195,320	195,316
Public Safety	271,171	---	271,171	238,460
Streets and Drainage	73,973	---	73,973	84,586
Recreation	16,925	---	16,925	32,387
Lights	---	643,247	643,247	670,298
Natural Gas System	---	223,645	223,645	274,431
Water	---	213,519	213,519	198,912
Sewer	---	173,461	173,461	147,976
Sanitation	---	80,439	80,439	86,775
Total Expenses	<u>557,389</u>	<u>1,334,311</u>	<u>1,891,700</u>	<u>1,929,141</u>

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2011

	For the Year Ended May 31, 2011			For the Year Ended May 31, 2010
	Govern- mental Activities	Business- Type Activities	Total	
(Decrease) in Net Assets				
Before Transfers	(167,106)	378,385	211,279	469,207
Transfers	41,087	(41,087)	---	---
Change in Net Assets	(126,019)	337,298	211,279	469,207
Net Assets Beginning	900,182	2,092,719	2,992,901	2,523,694
Net Assets Ending	<u>\$ 774,163</u>	<u>\$ 2,430,017</u>	<u>\$ 3,204,180</u>	<u>\$ 2,992,901</u>

Governmental activities decreased the Town's net assets by \$126,019. This decrease is not only due to the expenditure of depreciation which is reported in the governmental activities and not in the fund financial statements but due to the increase in expenditures for the police department necessary to better serve the citizens.

Business-type activities increased the Town's net assets by \$337,298. This increase is due to the Town receiving an American Recovery and Reinvestment Act for sewer system improvements.

Financial Analysis of the Town's Funds

For the year ended May 31, 2011, governmental fund balances decreased by \$58,575. The only differences between amounts reported by the general fund and governmental activities reported in the government-wide financial statements are attributable to including fixed assets in the government-wide presentation.

Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

General Fund Budget Highlights

The general fund is the only fund required by law to adopt a budget. The budget was amended as necessary. A summary of the general fund budget compared to actual amounts is presented as follows:

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2011

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Total Revenues	\$ 403,100	\$ 419,650	\$ 390,284	\$ (29,366)
Total Expenditures	376,200	429,000	489,946	(60,946)
Excess (deficiency) of revenues over expenditures	26,900	(9,350)	(99,662)	(90,312)
Operating Transfers (net)	50,000	75,000	41,087	(33,913)
Net Change in Fund Balances	\$ 76,900	\$ 65,650	\$ (58,575)	\$ (124,225)

The significant increase in budgeted revenues is due to a significant increase in miscellaneous revenues. Budgeted revisions for expenses are due to significant increases in police department and general and administrative expenditures.

Capital Asset Administration

Capital asset activity for the year ended May 31, 2011, is summarized as follows:

	Govern- mental Activities	Business- Type Activities	Total
<u>Additions:</u>			
Construction in Process	\$ ----	\$ 10,800	\$ 10,800
Distribution system	----	435,760	435,760
Equipment	----	8,950	8,950
Building improvements	14,000	----	14,000
Total Additions	14,000	455,510	469,510
Depreciation	(92,029)	(137,202)	(229,231)
Net Increase (Decrease)	(78,029)	318,308	240,279
Beginning Capital Asset (Net)	844,879	2,289,338	3,134,217
Ending Capital Assets (Net)	\$ 766,850	\$ 2,607,646	\$ 3,374,496

Highlights of the Town's capital asset administration are provided as follows:

- The additions to the distribution system include finalizing the sewer system improvements for \$401,815 and water system improvements of a six inch water main on Dublin Street of \$33,945.
- The addition to the equipment is the electrical work to install the transfer switch on the generator.
- The construction in process is expenses to renovate the elevated water tank.

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2011

- The building improvements are for a roof repairs at the Civic Center.

Debt Administration

The Town did not incur any new debt during the year ended May 31, 2011.

Existing debt in the business-type activities is as follows:

- Water Fund – includes revenue bonds that were issued in connection with improving the water system of the Town. At year end revenue bonds payable totaled \$340,553. Principal payments totaled \$7,760.

Factors Expected to Effect Future Operations

There are no significant events or conditions that are expected to have significant influence on future operations.

TOWN OF BOYCE

Statement of Net Assets

May 31, 2011

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 31,220	\$ 275,855	\$ 307,075
Receivables (net)	42,522	137,152	179,674
Restricted Cash	-	33,920	33,920
Capital Assets			
Non depreciable capital assets			
Land	170,007	20,337	190,344
Construction in Progress	-	10,800	10,800
Depreciable capital assets (net)	<u>596,843</u>	<u>2,576,509</u>	<u>3,173,352</u>
Total assets	<u>840,592</u>	<u>3,054,573</u>	<u>3,895,165</u>
<u>LIABILITIES:</u>			
Accounts payable	11,453	60,726	72,179
Customer rebate payable	-	34,266	34,266
Deposits due others	-	129,503	129,503
Internal balances	43,960	(43,960)	-
Long-term liabilities			
Compensated Absences	11,016	103,468	114,484
Notes Payable			
Due within one year	-	8,166	8,166
Due in more than one year	<u>-</u>	<u>332,387</u>	<u>332,387</u>
Total liabilities	<u>66,429</u>	<u>624,556</u>	<u>690,985</u>
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	766,850	2,267,093	3,033,943
Restricted:			
Debt service	-	33,920	33,920
Unrestricted	<u>7,313</u>	<u>129,004</u>	<u>136,317</u>
Total net assets	<u>\$ 774,163</u>	<u>\$ 2,430,017</u>	<u>\$ 3,204,180</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Statement of Activities Year Ended May 31, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General government	\$ 195,320	\$ -	\$ -	\$ -	\$ (195,320)	\$ -	\$ (195,320)
Public safety	271,171	5,798	7,040	-	(258,333)	-	(258,333)
Streets & drainage	73,973	-	6,700	-	(67,273)	-	(67,273)
Recreation	16,925	-	-	-	(16,925)	-	(16,925)
Total governmental activities	557,389	5,798	13,740	-	(537,851)	-	(537,851)
Business-Type Activities:							
Lights	643,247	699,421	-	-	-	56,174	56,174
Natural gas system	223,645	205,591	-	-	-	(18,054)	(18,054)
Water	213,519	145,035	-	37,190	-	(31,294)	(31,294)
Sewer	173,461	128,098	-	403,966	-	358,603	358,603
Sanitation	80,439	92,343	-	-	-	11,904	11,904
Total Business-Type Activities	1,334,311	1,270,488	-	441,156	-	377,333	377,333
Total Primary Government	\$ 1,891,700	\$ 1,276,286	\$ 13,740	\$ 441,156	\$ (537,851)	\$ 377,333	\$ (160,518)
General Revenues:							
Taxes:							
Ad Valorem					13,288	-	13,288
Sales Taxes					269,498	-	269,498
Franchise					7,415	-	7,415
Occupational Licenses					47,849	-	47,849
Miscellaneous					32,695	1,052	33,747
Transfers					41,087	(41,087)	-
Total General Revenues and Transfers					411,832	(40,035)	371,797
Change in Net Assets					(126,019)	337,298	211,279
Net Assets Beginning					900,182	2,092,719	2,992,901
Net Assets Ending					\$ 774,163	\$ 2,430,017	\$ 3,204,180

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Balance Sheet

Governmental Funds - May 31, 2011

	General	Non-Major Fund	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 31,219	\$ 1	\$ 31,220
Receivables (net)	42,522	-	42,522
Interfund receivables	-	-	-
Total assets	\$ 73,741	\$ 1	\$ 73,742
<u>Liabilities and Fund Equity</u>			
<u>Liabilities:</u>			
Accounts and other payables	\$ 11,453	\$ -	\$ 11,453
Interfund payables	43,960	-	43,960
Total liabilities	55,413	-	55,413
<u>Fund Balance:</u>			
Unreserved - Reported in			
General fund	18,328	-	18,328
Capital projects fund	-	1	1
Total fund equity	18,328	1	18,329
Total liabilities and fund equity	\$ 73,741	\$ 1	\$ 73,742

Reconciliation of the Governmental Funds Balance Sheets to the Statement of Net Assets

Total Fund Balances - Governmental Funds	\$ 18,329
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	766,850
Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	(11,016)
Net Assets of Governmental Activities	\$ 774,163

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended May 31, 2011

	General	Non-Major Fund	Total Governmental Funds
<u>Revenues:</u>			
Taxes:			
Ad valorem	\$ 13,288	\$ -	\$ 13,288
Sales tax	269,498	-	269,498
Franchise	7,415	-	7,415
Licenses and permits:			
Occupational licenses	47,849	-	47,849
Intergovernmental:			
State grants	13,758	-	13,758
Fines	5,798	-	5,798
Miscellaneous:			
Interest	150	-	150
Land lease	10,360	-	10,360
Other	22,168	-	22,168
Total revenues	390,284	-	390,284
<u>Expenditures:</u>			
General government	186,182	-	186,182
Public safety	212,332	-	212,332
Streets & Drainage	64,906	-	64,906
Recreation	12,526	-	12,526
Capital Expenditures	14,000	-	14,000
Total expenditures	489,946	-	489,946
Excess (deficiency) of revenues over expenditures	(99,662)	-	(99,662)
<u>Other financing sources (uses):</u>			
Operating transfers in	41,087	-	41,087
Total other financing sources (uses)	41,087	-	41,087
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(58,575)	-	(58,575)
Fund balance - beginning of year	76,903	1	76,904
Fund balance - end of year	\$ 18,328	\$ 1	\$ 18,329

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended May 31, 2011

Net change in fund balances of Governmental Funds \$ (58,575)

Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over
estimated useful lives and reported as depreciation expense. This is the
amount by which depreciation exceeded capital outlays for the
period.

Capital expenditures reported by Governmental Funds	14,000	
Depreciation expense reported on a government-wide basis	<u>(92,029)</u>	(78,029)

Some expenses reported in the statement of activities do not require the use
of current financial resources and therefore are not reported as
expenditures by governmental funds.

10,585

Change in net assets of governmental activities \$ (126,019)

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Statement of Net Assets

Proprietary Funds - Year Ended May 31, 2011

	Business-Type Activities - Enterprise Fund					
	Lights	Gas	Water	Sewer	Non-Major Funds	Total
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 76,623	\$ 123,810	\$ 2,942	\$ 72,480	\$ -	\$ 275,855
Receivables (net)	67,497	12,164	31,036	16,336	10,119	137,152
Interfund receivables	8,276	1,265	1,265	1,265	31,889	43,960
Total current assets	152,396	137,239	35,243	90,081	42,008	456,967
Restricted assets:						
Cash and cash equivalents	-	-	33,920	-	-	33,920
Noncurrent assets:						
Non-depreciable capital assets						
Land	-	3,127	9,210	8,000	-	20,337
Construction in Progress	-	-	10,800	-	-	10,800
Depreciable capital assets (net)	201,850	57,164	476,023	1,841,472	-	2,576,509
Total noncurrent assets	201,850	60,291	496,033	1,849,472	-	2,607,646
Total assets	354,246	197,530	565,196	1,939,553	42,008	3,098,533
LIABILITIES:						
Current liabilities:						
Accounts payable	39,071	5,648	4,957	3,505	7,545	60,726
Customer rebate payable	29,553	4,713	-	-	-	34,266
Compensated absences payable	20,688	33,148	20,485	20,475	8,672	103,468
Deposits due others	81,614	47,889	-	-	-	129,503
Total current liabilities	170,926	91,398	25,442	23,980	16,217	327,963
Liabilities payable from restricted assets:						
Current portion of long-term debt	-	-	8,166	-	-	8,166
Noncurrent Liabilities:						
Long-Term Debt	-	-	332,387	-	-	332,387
Total liabilities	170,926	91,398	365,995	23,980	16,217	668,516
NET ASSETS:						
Invested in capital assets, net of related debt	201,850	60,291	155,480	1,849,472	-	2,267,093
Restricted for debt service	-	-	33,920	-	-	33,920
Unrestricted	(18,530)	45,841	9,801	66,101	25,791	129,004
Total net assets	\$ 183,320	\$ 106,132	\$ 199,201	\$ 1,915,573	\$ 25,791	\$ 2,430,017

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Statement of Revenues, Expenditures, and Changes in Fund Net Assets Proprietary Funds - Year Ended May 31, 2011

	Business-Type Activities - Enterprise Funds					
	Lights	Gas	Water	Sewer	Non-Major Funds	Total
<u>Operating revenues:</u>						
Charges for services	\$ 678,122	\$ 199,259	\$ -	\$ 123,435	\$ 89,827	\$ 1,090,643
Charges for services pledged as security for revenue bonds	-	-	139,642	-	-	139,642
Delinquent charges	20,294	4,388	4,805	3,251	2,516	35,254
Other operating income	1,005	1,944	588	1,412	-	4,949
Total operating revenues	699,421	205,591	145,035	128,098	92,343	1,270,488
<u>Operating expenses:</u>						
Salaries	51,795	78,287	51,525	51,795	9,719	243,121
Electricity purchased	506,643	209	14,145	2,667	-	523,664
Natural gas purchased	-	85,571	-	-	-	85,571
Collection Expense	-	-	-	-	67,225	67,225
Repairs and maintenance	16,838	6,019	19,446	7,580	2,552	52,435
Legal and professional	8,613	8,613	8,613	9,065	-	34,904
Payroll taxes and benefits	7,613	10,886	7,575	7,613	943	34,630
Insurance	24,748	20,801	22,346	23,511	-	91,406
Depreciation	18,104	2,404	57,211	59,483	-	137,202
Other	8,893	10,855	14,988	11,747	-	46,483
Total operating expenses	643,247	223,645	195,849	173,461	80,439	1,316,641
Operating income (loss)	56,174	(18,054)	(50,814)	(45,363)	11,904	(46,153)
<u>Non-operating revenues (expenses):</u>						
Interest income	374	559	49	70	-	1,052
Interest expense	-	-	(17,670)	-	-	(17,670)
Change in net assets before contributions and transfers	56,548	(17,495)	(68,435)	(45,293)	11,904	(62,771)
<u>Contributions and transfers:</u>						
Capital Grant Revenue	-	-	37,190	403,966	-	441,156
Contributions	-	-	-	-	-	-
Operating transfers in (out)	(84,260)	8,111	45,029	(9,967)	-	(41,087)
Change in net assets	(27,712)	(9,384)	13,784	348,706	11,904	337,298
Total net assets - beginning of year	211,032	115,516	185,417	1,566,867	13,887	2,092,719
Total net assets - end of year	\$ 183,320	\$ 106,132	\$ 199,201	\$ 1,915,573	\$ 25,791	\$ 2,430,017

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Statement of Cash Flows

Proprietary Funds - Year Ended May 31, 2011

	Business-Type Activities - Enterprise Funds					Total
	Lights	Gas	Water	Sewer	Non-Major Fund	
<u>Cash flow from operating activities:</u>						
Cash received from customers	\$ 582,759	\$ 211,296	\$ 139,443	\$ 125,982	\$ 92,120	\$ 1,151,600
Cash payments to suppliers of goods and services	(573,948)	(142,094)	(86,563)	(61,019)	(69,839)	(933,463)
Cash payments to employees for service	(53,741)	(78,415)	(53,471)	(53,741)	(8,064)	(247,432)
Net cash provided (used) by operating activities	(44,930)	(9,213)	(591)	11,222	14,217	(29,295)
<u>Cash flows from non-capital financing activities:</u>						
Other non-operating revenues	-	-	-	-	-	-
Change in interfund balances	(1,265)	(1,265)	(1,265)	(1,265)	(14,217)	(19,277)
Operating transfers in (out)	(84,260)	8,111	45,029	(9,967)	-	(41,087)
Net cash provided (used) by non-capital financing activities	(85,525)	6,846	43,764	(11,232)	(14,217)	(60,364)
<u>Cash flows from capital and related financing activities:</u>						
Capital Expenditures	-	-	(53,694)	(686,238)	-	(739,932)
Capital Grant Proceeds	-	-	26,390	686,078	-	712,468
Principle paid on capital debt	-	-	(7,760)	-	-	(7,760)
Interest paid on capital debt	-	-	(17,670)	-	-	(17,670)
Net cash provided (used) by capital and related financing activities	-	-	(52,734)	(160)	-	(52,894)
<u>Cash flows from investing activities:</u>						
Interest and other income	374	559	49	70	-	1,052
Net cash provided (used) by investing activities	374	559	49	70	-	1,052
Net increase (decrease) in cash	(130,081)	(1,808)	(9,512)	(100)	-	(141,501)
Beginning cash balance	206,704	125,618	46,374	72,580	-	451,276
Ending cash balance	76,623	123,810	36,862	72,480	-	309,775
Cash - restricted	-	-	33,920	-	-	33,920
Cash - unrestricted	\$ 76,623	\$ 123,810	\$ 2,942	\$ 72,480	\$ -	\$ 275,855
<u>Reconciliation of operating income (loss) to net cash</u>						
Operating Income (loss)	\$ 56,174	\$ (18,054)	\$ (50,814)	\$ (45,363)	\$ 11,904	\$ (46,153)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	18,104	2,404	57,211	59,483	-	137,202
(Increase) decrease in accounts receivable	590	(627)	(5,592)	(2,116)	(223)	(7,968)
(Decrease) increase in accounts payable	(602)	860	550	1,164	881	2,853
(Decrease) increase in customer rebate payable	(124,500)	4,713	-	-	-	(119,787)
(Decrease) increase in meter deposits	7,250	1,619	-	-	-	8,869
(Decrease) increase in compensated absences	(1,946)	(128)	(1,946)	(1,946)	1,655	(4,311)
Net cash provided (used) by operating activities	\$ (44,930)	\$ (9,213)	\$ (591)	\$ 11,222	\$ 14,217	\$ (29,295)

There were no operating, investing, or financing activities during the year that did not result in cash receipts or payments.

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The Town of Boyce (the Town) was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety (police and fire protection), streets and drainage, public improvements, utility (gas, water, electricity, sewerage, and sanitation), and general administrative services.

The accounting and reporting practices of the Town of Boyce, Louisiana, conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods.

The following is a summary of the more significant accounting policies.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes the Town of Boyce, Louisiana, is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Boyce, Louisiana, for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2011

Based upon the above criteria, the Town of Boyce has no component units for the year ended May 31, 2011.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

- Governmental Funds
 - General Fund - The general fund is the primary operating fund and is used to account for all governmental activities.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2011**

- **Proprietary Funds** – Are used to account for business-type activities. The operations of the Town's Electrical, Gas, Water and Sewer Systems and Sanitation services each utilize separate proprietary funds. Revenue earned in exchange for providing services is reported as operating income and revenue from other sources is reported as non-operating. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1989.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year-end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgements are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets excluding capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as another financing source and repayment of long-term debt is reported as an expenditure.

Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from franchise taxes, fines, and court cost is not recognized until it is collected.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2011

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

Budget Practices

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility Fund.

Capital Assets

Capital assets are carried at historical cost or estimated historical cost including interest incurred during construction. Prior to July 1, 1989, there were few records supporting the cost; therefore, cost related to the Town's utility system were estimated based on information furnished by the Town's consulting engineers. Cost of buildings and equipment acquired prior to July 1, 1989, were estimated based on replacement cost.

Infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before June 1, 2004, are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2011

Encumbrance Accounting

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

Compensated Absences

Accumulated unpaid vacation and compensatory pay have been accrued when incurred in the Proprietary Funds (using the accrual basis of accounting). These amounts relating to the Governmental Funds have been presented in the government-wide financial statements.

Statement of Cash Flows

For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank, and certificates of deposit.

Interfund Transactions

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market value. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At May 31, 2011 the Town has deposits of \$454,073 (collected bank balance) and \$340,995 (collected book balance) of which \$33,920 is restricted. These bank deposits are secured from risk by \$250,000 of federal deposit insurance and \$544,050 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, State law imposes a statutory requirement on the custodial bank to advertise and sell the

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2011**

pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 – TAXES

Ad Valorem Taxes

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. For the year ended May 31, 2011, taxes of 6.630 mills totaling \$13,288 were levied on property and were dedicated to general corporate purposes.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

Sales Taxes

Sales taxes are collected by the Parish of Rapides and remitted to the Town on a monthly basis. A 1% sales tax has been approved by the citizens to cover any needs by the Town.

NOTE 4 - RECEIVABLES

At May 31, 2011, there were no material amounts of uncollectible receivables. Details related to receivables are presented as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Accounts Receivable</u>			
Charges for Services	\$ —	\$ 129,755	\$ 129,755
<u>Due From Other Governmental Units</u>			
Grants Receivable	—	10,800	10,800
Sales Taxes	42,522	—	42,522
Total Receivables	42,522	140,555	183,077
Allowance for Doubtful Accounts	—	(3,403)	(3,403)
Net Receivables	\$ 42,522	\$ 137,152	\$ 179,674

NOTE 5 – CAPITAL ASSETS

Changes in governmental and business-type capital assets are presented as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2011

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 170,007	\$ ---	\$ ---	\$ 170,007
Depreciable Capital Assets				
Buildings and Improvements	866,427	14,000	---	880,427
Furniture, Fixtures and Equipment	856,874	---	---	856,874
Infrastructure	1,549,944	---	---	1,549,944
Accumulated Depreciation	(2,598,373)	(92,029)	---	(2,690,402)
Total	<u>674,872</u>	<u>(78,029)</u>	<u>---</u>	<u>596,843</u>
Total Governmental Activities	<u>\$ 844,879</u>	<u>\$ (78,029)</u>	<u>\$ ---</u>	<u>\$ 766,850</u>
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 20,337	\$ ---	\$ ---	\$ 20,337
Utility Construction in Process	496,644	10,800	(496,644)	10,800
Total	<u>516,981</u>	<u>10,800</u>	<u>(496,644)</u>	<u>31,137</u>
Depreciable Capital Assets				
Utility System	3,790,723	932,404	---	4,723,127
Utility Buildings	22,357	---	---	22,357
Utility Equipment	389,730	8,950	---	398,680
Accumulated Depreciation	(2,430,453)	(137,202)	---	(2,567,655)
Total	<u>1,772,357</u>	<u>804,152</u>	<u>---</u>	<u>2,576,509</u>
Total Business-Type Activities	<u>\$ 2,289,338</u>	<u>\$ 814,952</u>	<u>\$ (496,644)</u>	<u>\$ 2,607,646</u>

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2011

	Governmental Activities	Business-Type Activities	Total
General Government	\$ 10,367	\$ ---	\$ 10,367
Public Safety	63,891	---	63,891
Street & Drainage	13,373	---	13,373
Recreation	4,398	---	4,398
Lights	---	18,104	18,104
Gas	---	2,404	2,404
Water	---	57,211	57,211
Sewer	---	59,483	59,483
Total Depreciation Expense	<u>\$ 92,029</u>	<u>\$ 137,202</u>	<u>\$ 229,231</u>

NOTE 6 - LONG-TERM DEBT

The Town's long-term debt is summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Revenue bonds payable	\$ ---	\$ 340,553	\$ 340,553
Compensated absences	<u>11,016</u>	<u>103,468</u>	<u>114,484</u>
Total long-term debt	11,016	444,021	455,037
Due within one year	<u>---</u>	<u>(8,166)</u>	<u>(8,166)</u>
Due in more than one year	<u>\$ 11,016</u>	<u>\$ 435,855</u>	<u>\$ 446,871</u>

The following changes occurred in liabilities reported in the Governmental Activities during the year ended May 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental Activities</u>				
Compensated absences	\$ 21,601	\$ ---	\$ 10,585	\$ 11,016
Total Governmental Activities	<u>21,601</u>	<u>---</u>	<u>10,585</u>	<u>11,016</u>
<u>Business-type Activities</u>				
Utility revenue bonds	348,313	---	7,760	340,553
Compensated absences	<u>101,318</u>	<u>2,150</u>	<u>---</u>	<u>103,468</u>
Total business-type activities	<u>449,631</u>	<u>2,150</u>	<u>7,760</u>	<u>444,021</u>
Total long-term debts	<u>\$ 471,232</u>	<u>\$ 2,150</u>	<u>\$ 18,345</u>	<u>\$ 455,037</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2011**

Revenue Bonds

The Town has issued revenue bonds that are secured by and payable solely from a pledge of funds generated by a specific revenue source. Revenue bonds outstanding at May 31, 2011, are described as follows:

\$428,100 Utilities Revenue Bonds Series 1994, dated March 14, 1995, with an effective rate of interest of 5.125% to maturity. The bonds mature serially on the 14th of each month in amounts ranging from \$291 to \$2,253. Final maturity is scheduled for March 14, 2034, unless the Town elects to redeem the bonds prior to maturity.	\$	340,553
Total Revenue Bonds	\$	<u>340,553</u>

Maturity of Long-Term Debt

A schedule of maturities of long-term debt excluding compensated absences and capital leases is presented as follows:

<u>Year Ended May 31st</u>	<u>Revenue Bonds</u>	
	<u>Principal Installments</u>	<u>Interest</u>
<u>Business-Type Activities</u>		
2012	\$ 8,166	\$ 17,263
2013	8,594	16,835
2014	9,045	16,384
2015	9,520	15,909
2016	10,019	15,410
2017-2021	58,557	68,589
2022-2025	75,619	51,527
2026-2030	97,652	29,494
2031-2034	63,381	4,574
Total Business-Type	<u>\$ 340,553</u>	<u>\$ 235,985</u>

Total interest charged to expense for the business-type activities is \$17,670.

Compensated Absences

Compensated absences refer to the Town's obligation to provide vested accrued leave benefits that have been earned by its employees. These liabilities are typically liquidated by the fund responsible for providing the employees compensation.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2011**

NOTE 7 - GAS CONTRACT

The Town has a long-term contract for the purchase of natural gas with the Louisiana Municipal Natural Gas Purchasing and Distribution Authority. This contract renews every year. There are no minimum payments required under the contract except for amounts of actual delivery, with the rates being adjusted periodically.

NOTE 8 - ELECTRICITY CONTRACT

The Town has a contract with Central Louisiana Electric Company for the purchase of electricity. The contract automatically renews each year. There are no minimum payments required under the contract except amounts for actual delivery, and the rates are adjusted periodically.

NOTE 9 - RISK MANAGEMENT

Town of Boyce is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 10 - BOARD MEMBER SALARIES

For the year ended May 31, 2011, the amounts of salaries and wages paid to the Mayor and Board of Aldermen were as follows:

<u>Name</u>	<u>Position</u>	<u>Salary</u>
Jack DeWitt	Mayor	\$ 3,125
Leonard LaCour	Alderman	2,625
Vivian Brossett	Alderman	2,625
Lucretia McCoy	Alderman	2,625
Peggy Brew	Alderman	2,625
Alma Moore	Alderman	2,625
Total		<u>\$ 16,250</u>

NOTE 11 - ACCOUNTS AND OTHER PAYABLES

Details related to amounts reported as accounts and other payables are provided as follows:

	<u>Payable to Vendors</u>
<u>Governmental Activities</u>	
General Fund	<u>\$ 11,453</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2011**

Business-type Activities

Lights	\$	39,071
Gas		5,648
Water		4,957
Sewer		3,505
Non-Major		7,545
Total business-type activities	\$	<u>60,726</u>

NOTE 12 - RESTRICTED RESOURCES

Bond covenants require the Town to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.

NOTE 13 - TRANSFERS

In the ordinary course of business, the Town routinely transfers resources between its funds for various reasons. A description of the transfers and the purpose for the transfers is presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net</u>
Transfer of resources to cover expenses			
Governmental Activities	<u>\$ 41,087</u>	<u>\$ ----</u>	<u>\$ 41,087</u>
Business-Type Activities			
Lights	----	(84,260)	(84,260)
Gas	8,111	----	8,111
Water	45,029	----	45,029
Sewer	----	(9,967)	(9,967)
Total Business-Type	<u>53,140</u>	<u>(94,227)</u>	<u>(41,087)</u>
Total Transfers	<u>\$ 94,227</u>	<u>\$ (94,227)</u>	<u>\$ ----</u>

NOTE 14 – INTERFUND BALANCES

In the ordinary course of business, advances are made to various funds in order to provide needed resources on a temporary basis. Balances resulting from transactions of this nature are summarized as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2011**

<u>Governmental Activities</u>	Receivable	(Payable)	Net
General Fund	\$ ----	\$ (43,960)	\$ (43,960)
 <u>Business-Type Activities</u>			
Lights Fund	8,276	----	8,276
Natural Gas Fund	1,265	----	1,265
Water Fund	1,265	----	1,265
Sewer Fund	1,265	----	1,265
Non-major fund	31,889	----	31,889
Total business-type activities	43,960	----	43,960
 Total interfund balances			
	\$ 43,960	\$ (43,960)	\$ ----

NOTE 15- PENSION PLAN

Substantially all employees of the Town of Boyce, Louisiana, are members of the Municipal Employees Retirement Systems of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service.

In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2011

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Boyce is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Boyce are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The total pension expense for the year ended May 31, 2011 is \$19,654.

NOTE 16 – BUDGET VIOLATION

The general fund experienced an unfavorable variance in excess of 5% allowed by state law is summarized as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Revenues	\$ 494,650	\$ 431,371	\$ (63,279) 12.79%
Expenditures	429,000	489,946	(60,946) 14.21%

NOTE 17 – CONTINGENCIES

Existing conditions that may have financial consequences in the future are referred to as contingencies. Contingencies existing at May 31, 2011, are described as follows:

Litigation

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on consultation with Town Attorney and insurance carrier, there are no anticipated claims that are expected to exceed available insurance coverage.

Grant Compliance

The Town receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

NOTE 18 – GRANT REVENUES

During 2009 the Town was authorized to borrow funds not to exceed \$900,000 for sewer system improvements. This borrowing was administered by the Louisiana Department of Environmental Quality. This loan was structured to be forgiven as proceeds were received. This loan was funded by the American Recovery and Reinvestment Act (ARRA Funds). In 2010, the Town incurred \$401,818 of federal expenditures on the project. In 2009 the Town reported ARRA Expenditures related to this loan of \$496,644 in the financial statements. The total funds expended for the years 2009 and 2010 are 898,462.

TOWN OF BOYCE

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year ended May 31, 2011

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Taxes	\$ 289,500	\$ 291,000	\$ 290,201	\$ (799)
License and permits	55,000	50,000	47,849	(2,151)
Intergovernmental	-	-	13,758	13,758
Fines	8,000	6,000	5,798	(202)
Miscellaneous	50,600	72,650	32,678	(39,972)
Total revenues	<u>403,100</u>	<u>419,650</u>	<u>390,284</u>	<u>(29,366)</u>
<u>Expenditures:</u>				
General government	129,600	159,300	186,182	(26,882)
Public safety	139,350	191,050	212,332	(21,282)
Streets and sanitation	39,000	56,000	64,906	(8,906)
Recreation	30,100	13,000	12,526	474
Capital Expenditures	38,150	9,650	14,000	(4,350)
Total expenditures	<u>376,200</u>	<u>429,000</u>	<u>489,946</u>	<u>(60,946)</u>
Excess (deficiency) of revenues over expenditures	<u>26,900</u>	<u>(9,350)</u>	<u>(99,662)</u>	<u>(90,312)</u>
Other financing sources (uses):				
Operating transfers in	50,000	75,000	41,087	(33,913)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>50,000</u>	<u>75,000</u>	<u>41,087</u>	<u>(33,913)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>76,900</u>	<u>65,650</u>	<u>(58,575)</u>	<u>(124,225)</u>
Fund balance - beginning of year	<u>201,362</u>	<u>76,903</u>	<u>76,903</u>	<u>-</u>
Fund balance - end of year	<u>\$ 278,262</u>	<u>\$ 142,553</u>	<u>\$ 18,328</u>	<u>\$ (124,225)</u>

TOWN OF BOYCE

Schedule of Expenses - Budget and Actual

General Fund

Year ended May 31, 2011

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>General government:</u>				
Salary - mayor	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Salaries - aldermen	31,500	31,500	31,500	-
Salaries - office	18,900	18,900	22,676	(3,776)
Payroll taxes	6,700	10,200	5,084	5,116
Retirement	-	-	1,519	(1,519)
Telephone	5,000	5,200	5,773	(573)
Office supplies	2,000	9,700	9,954	(254)
Advertising and printing	2,000	2,500	2,936	(436)
Dues	1,000	600	-	600
Accounting	8,000	6,000	11,332	(5,332)
Legal	10,000	10,000	5,751	4,249
Insurance	26,000	20,000	30,484	(10,484)
Miscellaneous	5,000	18,000	36,002	(18,002)
Travel and conventions	5,000	18,200	15,671	2,529
Christmas parade	1,000	1,000	-	1,000
Demolition	-	-	-	-
Total general government	129,600	159,300	186,182	(26,882)
<u>Public safety:</u>				
Police:				
Salaries	110,000	128,000	130,773	(2,773)
Payroll taxes	-	-	10,223	(10,223)
Patrol car expenditures	10,000	31,000	32,370	(1,370)
Uniforms and training	2,000	7,500	8,199	(699)
Supplies and equipment	2,500	2,500	-	2,500
Telephone	4,000	4,600	4,392	208
Miscellaneous	2,000	8,600	8,783	(183)
Fire protection:				
Truck gas, oil and maintenance	3,150	3,150	3,385	(235)
Telephone	700	700	1,036	(336)
Insurance	4,000	4,000	-	4,000
Miscellaneous	1,000	1,000	13,171	(12,171)
Total public safety	139,350	191,050	212,332	(21,282)

TOWN OF BOYCE

Continued

Schedule of Expenses - Budget and Actual

General Fund

Year ended May 31, 2011

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Streets and sanitation:</u>				
Salaries	25,000	30,500	28,192	2,308
Payroll taxes	-	-	2,107	(2,107)
Retirement	-	-	1,882	(1,882)
Truck and tractor maintenance	8,000	11,500	9,904	1,596
Street maintenance	2,000	3,500	4,930	(1,430)
Supplies	4,000	10,500	17,891	(7,391)
Utilities	-	-	-	-
Total streets and sanitation	39,000	56,000	64,906	(8,906)
<u>Recreation:</u>				
Salaries	23,100	6,000	5,660	340
Supplies & miscellaneous	5,000	5,000	6,866	(1,866)
Telephone	2,000	2,000	-	2,000
Total recreation	30,100	13,000	12,526	474
Capital Expenditures	38,150	9,650	14,000	(4,350)
Total expenditures	\$ 376,200	\$ 429,000	\$ 489,946	\$ (60,946)

TOWN OF BOYCE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended May 31, 2011

PART I – SUMMARY OF AUDITORS' RESULTS:

- The Independent Auditor's Report on the financial statements for the Town of Boyce as of May 31, 2011 and for the year then ended expressed an unqualified opinion.
- The results of the audit disclosed two instances (see 2011-1) of noncompliance that is considered to be material to the financial statements of the Town of Boyce.
- The results of the audit disclosed one instance (see 2011-2) which is required to be reported as a significant deficiency in internal control over financial reporting.
- The Town was not required to have a Single Audit; therefore, none of the reporting required by OMB Circular A-133 was required.

PART II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

- **Finding 2011-1, Budget Variance:**
The Town's general fund revenues and expenditures experienced an unfavorable budget variance greater than five percent of final budget amounts.
- **Finding 2011-2, Billing of Utilities:**
It has been determined that:
 - Natural gas customers were over billed one month totaling \$4,713.
 - One of the Town's largest sewer customers was inadvertently not billed for four months totaling \$2,360.
 - A construction company used approximately \$2,000 of water for two months. These billings were not aggressively pursued by the billing clerk and payment was never received.

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:

- Not applicable.

**TOWN OF BOYCE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended May 31, 2011**

**SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO THE FINANCIAL STATEMENTS**

Finding 2011-1, Budget Variance:

The Town's general fund revenues and expenditures experienced an unfavorable budget variance greater than five percent of final budget amounts.

Response:

We over budgeted operating revenues resulting in an unfavorable budget variance. In addition, we under budgeted expenditures related to the general and administrative and public safety departments. We will continue to closely monitor revenues and expenditures in the future and amend the budget as necessary.

Finding 2011-2, Billing of Utilities:

It has been determined that:

Response:

We will be working with our legal counsel and finance committee to determine the best corrective action for each of the findings.

- Natural gas customers were over billed one month totaling \$4,713.
- One of the Town's largest sewer customers was inadvertently not billed for four months totaling \$2,360.
- A construction company used approximately \$2,000 of water for two months. These billings were not aggressively pursued by the billing clerk and payment was never received.

Natural gas billing rates are based on a formula that changes each month based on the usage fees from the Louisiana Municipal Gas Association. The error occurred due to accidentally billing the same rate for two months.

One of the Town's largest customers was billed for both natural gas and sewer on the same bill. The customer elected to disconnect gas service. When the natural gas was removed from the bill, the sewer service was also inadvertently removed.

Construction companies routinely have temporary water services for various construction projects. When the construction company completed the project, the temporary meter was removed from the billing system before receiving payment.

**SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO FEDERAL AWARDS**

There were no findings in connection with internal control and compliance material to federal awards.

Response - N/A.

TOWN OF BOYCE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended May 31, 2011

<u>SECTION III - MANAGEMENT LETTER</u>	
There was no management letter issued with this report.	Response - N/A.

TOWN OF BOYCE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended May 31, 2011

**SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO THE FINANCIAL STATEMENTS**

Finding 2010-1, Budget Variance:

The Town's general fund revenues and expenditures experienced an unfavorable budget variance greater than five percent of final budget amounts.

Unresolved:

See 2011-1 above.

Finding 2010-2, Overbilling of Electricity:

The audit of electricity revenues disclosed that the Town overbilled electricity to the Town's customers during the first five months of the year. The excess billings total \$154,051.

Resolved:

During the current year, the Town determined the total rebate due to each customer and applied that rebate over a five month period to the customers utility bill. The rebate payable noted at year end was the final month of rebates due to the customers.

**SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO FEDERAL AWARDS**

There were no findings in connection with internal control and compliance material to federal awards in the prior year.

Response - N/A

SECTION III - MANAGEMENT LETTER

There was no management letter issued with the prior year report.

Response - N/A